

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

STARRED QUESTION NO:59

ANSWERED ON:23.07.2015

Power Tariff

Kesineni Shri Srinivas;Singh Shri Bharat

Will the Minister of POWER be pleased to state:

- (a) the criteria/norms adopted or the guiding principles laid down by the Government to regulate power tariff in the country;
- (b) whether power tariff in the country especially being charged by private power distribution companies is very high in comparison to tariff charged in developing/developed countries;
- (c) if so, the details thereof and the reasons therefor;
- (d) whether the Government proposes to rationalise the existing power tariff structure in the country; and
- (e) if so, the details thereof and the steps taken/being taken by the Government in this regard?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR POWER,
COAL AND NEW & RENEWABLE ENERGY

(SHRI PIYUSH GOYAL)

(a) to (e) : A Statement is laid on the Table of the House.

STATEMENT

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF STARRED QUESTION NO. 59 TO BE ANSWERED IN THE LOK SABHA ON 23.07.2015 REGARDING POWER TARIFF.

(a) : Tariff is determined under Sections 61 to 64 of the Electricity Act, 2003 by the appropriate Regulatory Commission in line with the provisions of the Act and the policies made thereunder. Whereas the tariff for generation and transmission companies owned or controlled by Central Government is regulated by the Central Electricity Regulatory Commission, the tariff for generation, supply and transmission within the State is determined by the respective State Regulatory Commission. State/Joint Electricity Regulatory Commissions (SERCs/JERCs) notify the terms and conditions of tariff fixation from time to time for both public and private distribution licensees. Section 61 of the Act provides for guiding principles which the Appropriate Commission is required to consider for specifying the terms and conditions of tariff. The relevant provisions of Section 61 are at Annex-I. As per Section 61(i), the Regulatory Commissions are also guided by the Tariff Policy notified by the Central Government while specifying the terms and conditions of tariff.

(b) & (c) : The details of Average Tariff for domestic and industrial categories of consumers in different States of India is at Annex-II. A statement indicating price of electricity for households and industry in some of the countries is at Annex-III. As is evident, the average tariff in India is not more than that in most of the other countries.

(d) & (e) : Tariff of distribution companies are determined by the SERCs/JERCs based on the principles enunciated under the Electricity Act, 2003 and policies framed thereunder. There is no provision for direct regulation of the electricity tariff by the Government. However, through appropriate policy framework and programmes, the Government is promoting efficiency in generation, transmission and distribution business as also supporting strengthening of the distribution infrastructure, with a view to reducing the Aggregate Technical and Commercial (AT&C) losses. These measures, along with the Government's emphasis on discovery of tariff through competitive bidding, contribute towards lowering of tariff rates.
